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EXTRAORDINARY

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PART II—Section 2

प्राधिकार से प्रकाशित

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NEW DELHI, WEDNESDAY, JULY 31, 1974/SRAVANA 9, 1896

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 31st July 1974:—

BILL No. 70 OF 1974

A Bill further to amend the Income-tax Act, 1961 and the Central Excises and Salt Act, 1944.

Be it enacted by Parliament in the Twenty-fifth Year of the Republic of India as follows:—

1. This Act may be called the Finance (No. 2) Act, 1974.
2. In the Income-tax Act, 1961, with effect from the 1st day of April, 1975:—

Short title.

Amendment
of Act 43 of
1961.

(1) in section 80T, in clause (b),—

(a) in sub-clause (i), for the words "thirty-five per cent.", the words "twenty-five per cent." shall be substituted;

(b) in sub-clause (ii) and in the proviso, for the words "fifty per cent.", wherever they occur, the words "forty per cent." shall be substituted;

(2) in section 115, for clause (i), the following clause shall be substituted, namely:—

“(i) the amount of income-tax calculated on the amount of long-term capital gains included in the total income—

(a) on so much of the amount of such long-term capital gains as relate to buildings or lands or any rights in buildings or lands—

(1) where the company is a company in which the public are substantially interested and the total income of the company (as reduced by the amount of long-term capital gains included therein) does not exceed one hundred thousand rupees, at the rate of forty-seven per cent. ; and

(2) in any other case, at the rate of fifty-five per cent. ; and

(b) on the balance of such long-term capital gains, if any, at the rate of forty-five per cent. ; and”.

Amendment
of Act 1 of
1944.

3. The Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act) shall be amended in the manner specified in the Schedule.

Declaration under the Provisional Collection of Taxes Act, 1931.

It is hereby declared that it is expedient in the public interest that the provisions of clause 3 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE SCHEDULE

(See section 3)

PART I

In the First Schedule to the Central Excises Act,—

(i) in Item No. 4 under “II. *Manufactured tobacco*—”, for the entry in the third column against sub-item (2), the entry “Two hundred and fifty per cent. *ad valorem*.” shall be substituted;

(ii) in Item No. 16, for the entries in the third column against sub-items (1) and (3), the entries “Sixty per cent. *ad valorem*.” and “Twenty-five per cent. *ad valorem*.” shall, respectively, be substituted;

(iii) in Item No. 16A, for the entry in the third column against sub-item (1), the entry “Sixty per cent. *ad valorem*.” shall be substituted;

(iv) in Item No. 23, for the entry in the third column, the entry "Thirty per cent. *ad valorem*." shall be substituted;

(v) in Item No. 23C, for the entry in the third column, the entry "Thirty per cent. *ad valorem*." shall be substituted;

(vi) in Item No. 25, for the entry in the third column, the entry "Seventy rupees per metric tonne." shall be substituted;

(vii) in Item No. 26A, for the entries in the third column against sub-items (1), (1a), (2) and (3), the entries "Four thousand rupees per metric tonne.", "Four thousand rupees per metric tonne.", "Four thousand and five hundred rupees per metric tonne." and "Twenty per cent. *ad valorem*." shall, respectively, be substituted;

(viii) in Item No. 26B, for the entries in the third column against sub-items (1), (2) and (3), the entries "One thousand and five hundred rupees per metric tonne.", "One thousand and eight hundred rupees per metric tonne." and "Twenty per cent. *ad valorem*." shall, respectively, be substituted;

(ix) in Item No. 32, for the entries in the third column against sub-items (1), (2), (3) and (4), the entries "Twenty-five per cent. *ad valorem*.", "Forty per cent. *ad valorem*.", "Fifteen per cent. *ad valorem*." and "Thirty per cent. *ad valorem*." shall, respectively, be substituted.

PART II

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Central Excises Act, for Item No. 14AA, the following Item shall be substituted, namely:—

"14AA CHEMICALS, THE FOLLOW-
ING, NAMELY:—

- | | |
|--|---|
| (1) Calcium carbide, bleaching paste and bleaching powder, sodium hydro-sulphite, bicarbonate of soda, bichromates of potassium or sodium, hydrogen peroxide and potassium permanganate. | Ten per cent.
<i>ad valorem</i> . |
| (2) Caprolactam and dimethyl terephthalate. | Fifty per cent.
<i>ad valorem</i> ." |

STATEMENT OF OBJECTS AND REASONS

The Bill seeks to amend the Income-tax Act, 1961 and the Central Excises and Salt Act, 1944.

The amendments to the Income-tax Act, 1961 are with a view to increasing the incidence of tax on long-term capital gains in the case of both corporate and non-corporate taxpayers.

The amendments to the Central Excises and Salt Act, 1944 are with a view to raising the rates of basic duty on certain tariff items and for levying duty for the first time on certain new items.

The notes on clauses explain the provisions of the Bill.

NEW DELHI;
The 31st July, 1974.

Y. B. CHAVAN.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117(1)
AND 274(1) OF THE CONSTITUTION OF INDIA

(Copy of letter No. F.4(12)-B/74, dated the 31st July, 1974 from Shri Y. B. Chavan, Minister of Finance to the Secretary-General, Lok Sabha).

The President, having been informed of the subject matter of the proposed Bill, recommends under article 117(1) read with article 274(1) of the Constitution of India, the introduction of the Finance (No. 2) Bill, 1974 to the Lok Sabha.

Notes on clauses

Clause 2—

Sub-clause (1) seeks to amend section 80T of the Income-tax Act, 1961 relating to deduction in respect of long-term capital gains in the case of assesseees other than companies. Under the amendments the deduction in respect of long-term capital gains relating to buildings or lands or any rights in buildings or lands will in such cases be allowed in an amount equal to Rs. 5,000 *plus* 25 per cent. (as against 35 per cent. under the existing provision) of the amount by which such capital gain exceeds Rs. 5,000. In regard to long-term capital gains relating to other capital assets, the deduction will be allowed in an amount equal to Rs. 5,000 *plus* 40 per cent. (as against 50 per cent. under the existing provision) of the amount by which the capital gain exceeds Rs. 5,000. These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to assessments for the assessment year 1975-76 and subsequent years.

Sub-clause (2) seeks to amend section 115 of the Income-tax Act, 1961 relating to tax on capital gains in the case of companies. Under the amendment, long-term capital gains relating to buildings or lands or any rights in buildings or lands will, in the case of companies in which the public are substantially interested and the total income of which (as reduced by the amount of long-term capital gains) does not exceed Rs. 1,00,000, be charged to tax at the rate of 47 per cent. Long-term capital gains relating to buildings or lands or any rights in buildings or lands in the case of other companies will be taxed at the rate of 55 per cent. Under the existing provisions, such capital gains are taxed at the rate of 45 per cent. in the case of all companies. Capital gains relating to assets other than buildings or lands or any rights in buildings or lands will be taxed at the rate of 45 per cent. (as against the existing rate of 35 per cent.). The amendment will take effect from 1st April, 1975 and will accordingly apply in relation to assessments for the assessment year 1975-76 and subsequent years.

Clause 3 read with the Schedule, seeks—

(a) to raise the rates of basic duty on—

- (1) cigarettes ;
- (2) tyres ;
- (3) rubber products—latex foam sponge ;
- (4) cement ;
- (5) asbestos—cement products ;
- (6) iron in any crude form ;
- (7) copper and copper alloys ;
- (8) zinc ; and
- (9) electric lighting bulbs and fluorescent lighting tubes ; and

(b) to levy duty for the first time on caprolactam and dimethyl terephthalate (DMT) by including them in the Central Excise Tariff.

S. L. SHAKDHER,
Secretary-General.

